LOCAL GOVERNMENT SERVICES DIVISION

Municipal Services Branch

PROPOSED AMENDMENT

TO THE

MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION AR 289/99

CONSULTATION DOCUMENT AND QUESTIONNAIRE

Please review the proposed ammendment and return your comments by October 1, 2001.

RETURN COMPLETED QUESTIONNAIRE TO:

Alberta Municipal Affairs
Municipal Services Branch
Legislative Projects Unit
17th Floor, 10155-102 Street
Edmonton, AB T5J 4L4
Fax: (780) 420-1016

Alberta
MUNICIPAL AFFAIRS

Alberta
MUNICIPAL AFFAIRS

Office of the Assistant Deputy Minister

Local Government Services

17th floor, Commerce Place
10155 - 102 Street
Edmonton, Alberta
Canada T5J 4L4

Telephone 780/427-9660
Fax 780/427-0453

July 2001

Dear Stakeholder:

The following consultation document seeks to communicate and solicit your comments on a proposed new definition for ***"farming operations"*** as a replacement to the existing definition found within the Matters Relating to Assessment and Taxation Regulation, AR 289/99.

The proposed definition is the result of extensive review and consultation by the MLA Farm Property Assessment Review Committee with the Alberta Association of Municipal Districts and Counties (AAMD&C), the Alberta Urban Municipalities Association (AUMA), municipalities, agriculture producer organizations and individual Albertans. This definition was presented by the Minister of Municipal Affairs to Cabinet and was approved May 30, 2001.

Members of the agricultural community have indicated that they want to ensure they are paying their fair share of the property tax burden. They are also aware of the challenges currently confronting many agricultural producers given technological advancements and diversification in farming operations.

The proposed new definition responds to these needs and challenges by clarifying what constitutes ***"farming operations"***. It does this by focusing on the raising or production of primary agricultural commodities as the criteria for assessment of farm properties on the basis of agricultural use value. The definition specifically excludes the packaging, grading or processing of primary agricultural products as activities that do not qualify as farming operations. Additionally this definition responds to the issue of woodlot operations in that it provides for their assessment at productive value if a management plan prepared by an Alberta forest practitioner is provided.

Your opinions and comments regarding the proposed definition are welcome and are important to the maintenance of a well functioning assessment and taxation system. Please forward your comments by October 1, 2001, to:

Mr. Ron Cust
Alberta Municipal Affairs
Municipal Services Branch
Legislative Projects Unit
17th Floor, Commerce Place
10155 – 102 Street
Edmonton, AB T5J 4L4
Fax: (780) 420-1016
Electronic: ron.cust@gov.ab.ca

Thank you for your participation in this important consultation process.

Yours truly,

Brad Pickering
Assistant Deputy Minister
Local Government Services Division

PROPOSED AMENDMENT TO THE
MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION AR 289/99

Consultation Document

Table of Contents

Introduction 1

Recommendation 1

Proposed new "farming operations" definition 2

Stakeholder Questions/Comments 4

Appendix

- **Current *"farming operations"* definition in the *Matters Relating to Assessment and Taxation Regulation (AR 289/99)***

PROPOSED AMENDMENT TO THE
MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION AR 289/99

Introduction

The Matters Relating to Assessment and Taxation Regulation AR 289/99 was passed in December 1999 as part of the regulatory review process and consolidated five previous regulations relating to assessment and taxation matters into one.

The proposed new definition for *"farming operations"* has been approved after extensive consultations with stakeholders by the *MLA Farm Property Assessment Review Committee* and also by Cabinet on May 30, 2001.

This definition seeks to provide local assessors with clearer guidelines to apply in determining if a property should be assessed on a productive use value basis.

Recommendation

It is recommended that an amendment under section 322(b) of the Municipal Government Act be made to the *Matters Relating to Assessment and Taxation Regulation AR 289/99* to replace the current definition of *"farming operations"* with this proposed new definition.

Proposed New "Farming Operations" Definition

Local Government Services **July 2001**

1 In this Regulation,

Proposed Definition

(d) "farming operations" means the raising or production of primary agricultural commodities on a for-profit basis and includes such raising or production by a non-profit organization or the Crown whether the commodities are sold for profit or other consideration including,

(i) field crops in their unprocessed state,

(ii) sod, horticulture, silviculture, flowers and nursery stock in bulk or unpackaged lots,

(iii) fish farming, fur farming and bee keeping with all production sold in its raw, ungraded and/or unprocessed state,

(iv) the raising of livestock as defined in the Livestock and Livestock Products Act in a live condition and the production of livestock products including milk, pregnant mare urine, antler, embryos and semen production,

(v) woodlots on a parcel, or designated part of a parcel, of land for which an approved management plan has been prepared by an Alberta registered forest practitioner as defined under the Forestry Profession Act and implemented solely for the sustainable production of timber and marketed as whole logs, seed cones, Christmas trees, and willow boughs,

(vi) the storage of

(A) primary agricultural commodities on property held by the person carrying out the farming operations,

(B) production inputs, including farm machinery required for the production of primary agricultural commodities and any action required for input storage at industry standards on property held by the farm operator,

(vii) any property to the extent it is used to ensure an industry standard action for the sole purpose of

Proposed Definition (continued)

(A) maintaining product quality of a primary agricultural commodity,

(B) producing silage from forage,

(viii) despite section (ix) the fee for service maintenance of feeder cattle, hogs, sheep, or poultry for the purpose of growing or finishing,

but does not include the use of a property to the extent it is used for;

(ix) the retailing of goods or services for a fee or other consideration,

(x) the grading by awarding a quality standard established pursuant to an Act or Regulation of Alberta or Canada pertaining to the specific agricultural commodity, processing or packaging of a primary agricultural commodity for the domestic or export market,

(xi) the storage and/or distribution of a commodity that has been awarded a grade standard,

(xii) the purchase and resale of primary agricultural commodities by a licensed agricultural commodity dealer,

(xiii) the maintenance of livestock or other animals for recreational purposes,

(xiv) the compacting and/or packaging of any forage commodity to a density of greater than 20 pounds per cubic foot.

Stakeholder Comments

Respondent: _____

Position: _____

Representing: _____

Please provide your comments and suggestions to the following:

1. Does this response represent the position of your organization?

2. Do you agree with the proposed replacement definition for farming operations as contained in section 1 of the *Matters Relating to Assessment and Taxation Regulation?*

3. If not, why not?

4. Do you have any other comments regarding this proposed amendment?

APPENDIX

CURRENT "FARMING OPERATIONS" DEFINITION IN *MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION* AR 289/99

Current Definition

1 In this Regulation,

(d) "farming operations" means the raising, production and sale of agricultural products and includes

(i) horticulture, aviculture, apiculture and aquaculture,

(ii) the production of livestock as defined in the *Livestock and Livestock Products Act*, and

(iii)the planting, growing and sale of sod.